

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

X
Chapter 11

Madison Hotel, LLC

Case No. 11-12560

Debtor.

Local Rule Statement

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

Benzion Suky, as Managing Member of 62 Madison Partners LLC, Managing Member of Madison Hotel Owners, LLC, the Debtor's Managing Member, deposes and says under penalty of perjury, as follows:

1. I am submitting this Statement on behalf of Madison Hotel, LLC, (the "Debtor") pursuant to local rule in support of the Debtor's Chapter 11 filing.

2. On May 26, 2011, the Debtor filed a Chapter 11 petition under Title 11 of the United States Code, 11 U.S.C. "101 et seq. (the "Bankruptcy Code").

3. The Debtor owns a the real property located at 62 Madison Avenue, New York, New York (the "Property"). The Property is a 72 room 12 story hotel.

4. The Debtor estimates that the value of the Property is approximately \$32,000,000. Such value is based upon the Debtor's subjective understanding of the value of the Property.

5. The Property is encumbered by a lien presently held by 62 Madison Lender, LLC (the “Lender”), which the Lender asserts is in the amount of approximately \$25,000,000.

6. The Debtor’s general unsecured claims total approximately \$1,113,689.

7. The Debtor’s financial problems arise from the economic downturn which caused the Property’s income to drop, which in turn, impaired the hotel’s cash flow. This loan was initially entered into within days of the Lehman Brother bankruptcy, and shortly thereafter the Lender’s predecessor in interest applied enormous pressure to the Debtor, causing an increase in the interest rate from 7.5% to 12%, which further squeezed the Debtor cash flow. The Property went into arrears, a foreclosure action was commenced, and a receiver appointed. The Debtor’s objective in this Chapter 11 case is to reinstate its obligations to the Lender.

8. In the meantime, a receiver is operating the Property and for the time being the Debtor intends to consent to the receiver’s continued management.

9. No committee of creditors was previously appointed hereto.

10. The Debtor has not previously filed a Chapter 11 Petition.

11. The schedule of twenty (20) largest non-insider unsecured creditors is annexed to the petition.

12. No shares of stock, debentures or other securities of the Debtor or any subsidiary of the Debtor are publicly held.

13. I will be responsible for the Debtor’s management during this case.

Dated: New York, New York
May 26, 2011

s/Benzion Suky, as Managing Member of 62
Madison Partners LLC, Managing Member of Madison Hotel Owners, LLC, the Debtor's
Managing Member